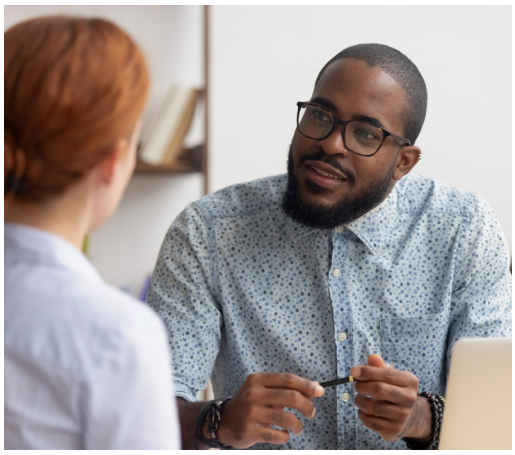
IBM Office of Privacy and Responsible Technology

Accelerating Business Value through AI-Focused Change Management

IBM

Introduction



With the rise of Generative and Agentic Artificial Intelligence (AI) alongside growing adoption of AI, conventional change management needs to shift to address the complexities and opportunities associated with AI integration into organizational operations. Unlike standard IT systems such as Enterprise Resource Planning (ERP), AI initiatives involve dynamic projects and shifting job roles, underscoring the need for a more flexible and tailored change management approach.

Change Management at IBM

At IBM, we consider change management (CM) the methodical process by which teams, people, and companies are guided through changes to produce intended results. Historically, change management has been centered on human behavior, communication, and leadership techniques, based on human intuition, polls, and conventional feedback loops. The expanding footprint of AI in corporate workflows and processes mandates a more versatile and informed approach to change management, helping to ensure that organizations can harness AI's transformative potential while effectively managing potential risks and complexities. AI data-driven insights can create opportunities for more precise, real-time adaptations for change management, enabling companies to quickly and effectively adjust to emerging developments and technological advances.

Traditional Change Management Practices

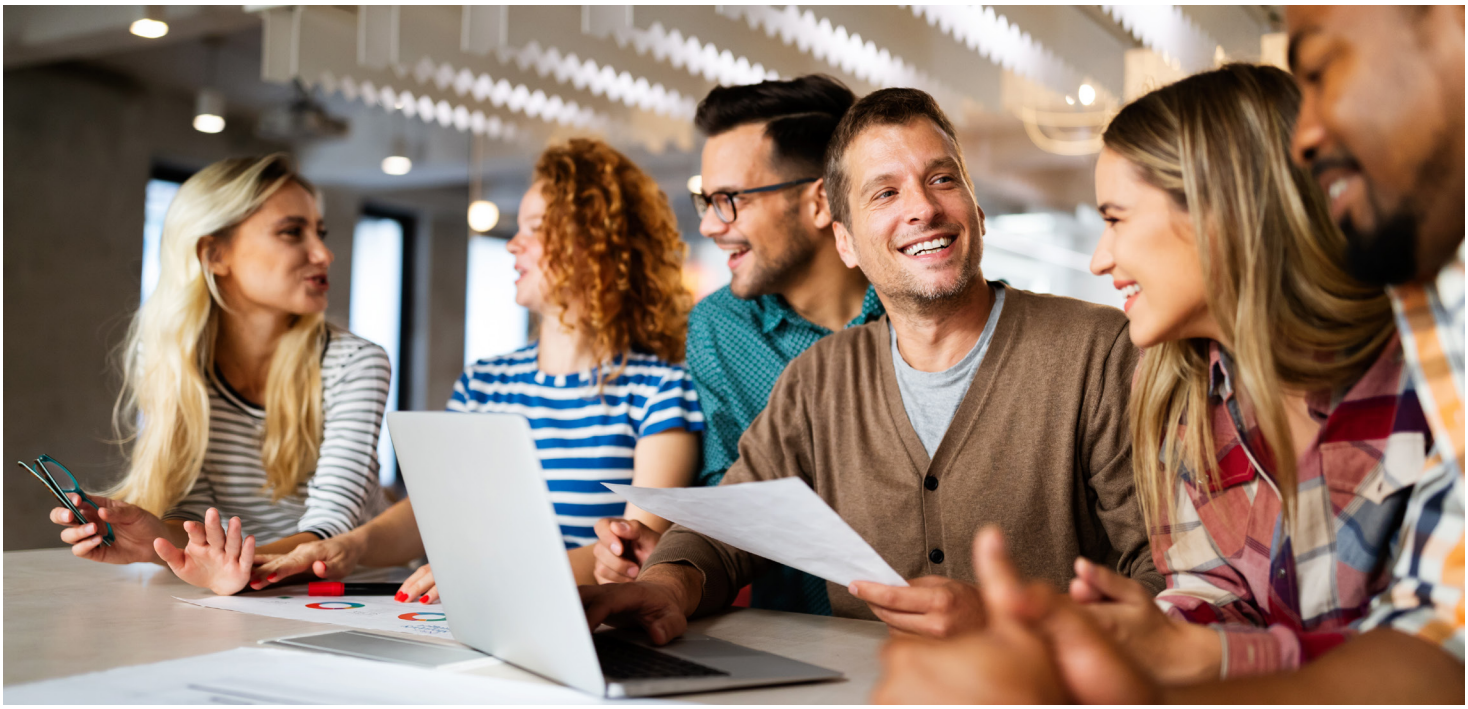
Traditional CM focuses on guiding companies through transitions using training, communication, leadership alignment, and stakeholder engagement to minimize disruption and help employees adapt to change. The integration of AI into company workflows and processes can pose challenges to traditional CM practices.

The incorporation of AI into workflows and processes can introduce uncertainty among employees about the implications of AI-driven changes on their job roles and performance. By adapting to working in partnership with AI, employees can help to ensure the safe and ethical use of AI by providing human oversight over aspects like data privacy, fairness, transparency, security, and other AI governance components. Simultaneously, the dynamic regulatory and standards landscape for AI mandates the involvement of many stakeholders in the change management process including Legal, Human Resources, IT, and other functional stakeholders who bring unique insights and expertise to facilitate the responsible integration of AI solutions. As the scope of AI integration evolves over time, continuous change management is crucial beyond the initial implementation phase. This involves ongoing training, program adaptation, and close collaboration with diverse stakeholders to ensure that the company's AI usage remains aligned with its strategic objectives and ethical principles, like IBM's Principles for Trust and Transparency.

A Framework for AI-Focussed Change Management

Responsible AI is no longer a choice, and AI-focused change management practices help build trust and transparency around the integration of this technology into business operations.

CM Focus	Recommendations
Trust	Building trust helps mitigate employee resistance to change and helps employees feel valued and confident both in their use of AI technology and the company's objectives with AI integration. • Use AI solutions that prioritize user needs and deliver value to the employee and the company • Establish KPIs related to the integration and long-term use of AI to measure business impact (including interpersonal aspects like employee collaboration and communication), and adjust or scale AI use based on results • Upskill and reskill employees through AI education or training materials like IBM's SkillsBuild program to help mitigate job security concerns and enhance AI literacy, strategically preparing the organization for sustainable growth in an AI-driven future • Educate employees on AI ethics and responsible AI use, including data management
Transparency	Transparency enables employees to better understand the technology they are using, making the workforce more willing to adapt to and leverage AI to enhance their work. • Include information on AI and the company's AI governance approach (see IBM's Integrated Governance Program) as part of core employee education programs, as IBM has done in its Business Conduct Guidelines • Articulate and communicate what the company aims to achieve with AI integration and how AI supports the company in meeting its business objectives • Explain how AI may change job functions to help all levels of the company prepare for transitions and provide resources and opportunities for upskilling and reskilling • Provide avenues for employees to challenge and correct AI recommendations or observations, and to report ethical concerns related to their use of AI
Skills	Develop a culture of continuous learning by expanding AI literacy so that employees can work in partnership with AI to promote the responsible use of the technology and encourage an experimental attitude that can accelerate value generation for the business. • Create an inventory of skills and information that are applicable to the project or workflow involving AI implementation for employees to develop the necessary skills and domain expertise to succeed • Leverage a personalized learning strategy for employees. This could include organizing interactive workshops, pairing employees with mentors or experts offering guidance, and establishing innovation hubs for employees to experiment and develop new solutions using AI • Encourage self-directed or collaborative learning, for example through hackathons (like IBM's watsonx Challenge) and pilot projects to further encourage experimentation, and celebrate successes!
Agility	Cultivate change agility—an individual's ability to adapt to and thrive in new and uncertain situations—across all levels of the company to respond effectively to new challenges and opportunities presented by AI. • Roll-out AI changes at a pace and scale that allows employees to learn the necessary skills and knowledge to deliver on their business objectives • Update AI resources and education in line with AI developments and evolving business needs, which may contribute to a company's overall competitiveness • Plan for unpredictable outcomes, developing contingency plans for AI implementations that do not deliver value as expected, engaging stakeholders from across the company to identify and implement effective solutions to challenges • Maintain flexibility and responsiveness among company leadership to adjust AI integration strategies as the technologies and business priorities evolve



A Case Study of Responsible AI in Human Resources Management (HRM)

A study of over 100 empirical papers by Bujold, A., Roberge-Maltais, I., Parent-Rocheleau, X. et al. 2023 found that AI can enhance HR functions like recruitment, performance evaluation, and workforce planning when applied responsibly, including incorporating human oversight and ethical considerations. Across industries, AI has helped improve efficiency by predicting employee turnover, helping companies make informed retention decisions, and assisting in the initial screening of candidates while ensuring compliance with legal and ethical standards.

While AI can provide insights into workforce trends, inaccuracy or misinterpretation of data poses potential risks. For example, a predictive flight risk model might mistakenly identify an employee as likely to leave the company, prompting a manager to take misguided retention steps or restrict opportunities in anticipation of the perceived flight risk. Reliable data and human validation are essential to ensure responsible use of these insights.

AI models may also reflect data biases, necessitating bias testing throughout the AI lifecycle. Pre-pandemic, some algorithms linked data on longer commute times to higher levels of employee turnover, but remote and hybrid work arrangements have changed these assumptions (Bloom et al.). Transparency around the factors informing AI recommendations helps build stakeholder trust and understanding of the technology.

Applied responsibly, an AI-focused change management can help close gaps and yield measurable results for businesses, as was demonstrated by an IBM grocery retail client. The company's HR and operations teams employed AI-driven workforce insights to optimize employee schedules and alert managers to possible overtime. By aligning these insights with internal company policies and regulatory requirements, the change management team helped to reduce staffing costs and ensure managers followed the relevant guidance. Digital consulting assistants supported this process, providing managers with real-time assistance, leading to overall cost reductions.

As evidenced by the IBM grocery retail client's success, AI-focused change management can deliver tangible benefits for businesses. To fully realize this potential, Organizational Change Management (OCM) leaders should be engaged across the AI lifecycle, enabling AI upskilling programs, cultivating AI literacy at all levels of the company, and contributing to the monitoring of the responsible usage of this technology, to reduce risk. In doing so, OCM leaders effectively become champions of forward-focused thinking, guiding teams as they harness the opportunities presented by AI.

Summary

As enterprises increasingly adopt AI and explore the capabilities of developments around Agentic AI, AI-focused change management has emerged as a critical enabler for harnessing the benefits of these technologies. By emphasizing trust, transparency, skills development, and change agility, organizations can effectively navigate the complexities and ethical considerations associated with AI integration. This approach fosters a culture that embraces responsible AI adoption, unlocking its full potential for growth and innovation.

Additional Resources

What is Change Management?

How to unlock a scientific approach to change management with powerful data insights

Upskilling and reskilling for talent transformation in the era of AI

Reimagine human potential in the generative AI era

Build Trust: A Guide to Trustworthy AI

IBM AI Ethics

watsonx.governance

IBM Consulting Services

Attributions

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